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Director

## County of Los Angeles INTERNAL SERVICES DEPARTMENT

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*"To enrich lives through effective and caring service"*

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May 28, 2015

TO: Mayor Michael D. Antonovich  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

FROM: Dave Chittenden  
Chief Deputy Director

Joseph Kelly  
Treasurer and Tax Collector

SUBJECT: **LAUNCH OF COUNTY RESIDENTIAL PACE PROGRAM**

We are pleased to report that earlier today, our two departments officially launched the County's Residential Property Assessed Clean Energy ("PACE") Program. Residential property owners in the County are now able to finance the installation of energy and water efficiency improvements to their homes through voluntary contractual assessments. Repayment of the financing obligations will occur over a period up to 25 years and will be collected through the County's property tax system. The County's Residential PACE Program is expected to materially reduce greenhouse gas emissions and electricity demand, while potentially creating more than 1,000 new jobs annually.

County residents who participate in the Residential PACE Program will have the flexibility to choose between either the CaliforniaFIRST program or the HERO program. These two programs are recognized leaders in the PACE market and were approved by your Board following a competitive solicitation process that was initiated in 2014. As a result of your Board's actions, PACE financing will be available to residents throughout the unincorporated areas of the County, as well as in the 85 cities that have adopted resolutions to join the County's Residential PACE Program. Currently, only three cities in all of Los Angeles County have not yet opted to join this program.

In developing the Residential PACE Program, the County decided to form its own program rather than simply join an existing one managed by a third-party (e.g., California Statewide Communities Development Authority, Western Riverside Council of Governments, San Bernardino Associated Governments) located outside the

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boundaries of Los Angeles County. By establishing an independent program, the County has greater direct control over all program features and policies, including numerous consumer protection measures that are not featured in other PACE programs. Specifically, the County's Residential PACE Program has clear and conspicuous disclosures regarding foreclosure risk, tax deductibility, and compliance with existing mortgage contracts. Moreover, specific agreements have been negotiated that will require the program administrators to supplement a bond reserve fund in the case of property tax delinquencies. The enhanced reserve fund structure is one of several features the County developed in order to minimize, and potentially to eliminate, the risk of judicial foreclosure for participating homeowners.

Property owners who choose to participate in residential PACE will be able to finance a variety of energy-saving products, such as solar panel installations, whole-home heating and cooling (HVAC) systems, energy-saving windows and doors, roofing, and insulation. They will also be eligible for water-conservation products ranging from high-efficiency toilets to drought-tolerant landscaping. In the future, County residents will also have the ability to enter into power purchase agreements (PPAs) for the installation of solar panels on their homes. Our two departments chose not to make PPAs available at program launch given the lack of transparency in certain PPA transactions, as well as the need to develop additional disclosure on these financing arrangements. Both CaliforniaFIRST and HERO are committed to consumer protection and will work with the County to develop the appropriate criteria for bringing PPAs into the County's Residential PACE Program.

Should you have any questions regarding the Residential PACE Program, please contact Dave Chittenden at (323) 267-2103 or [dchittenden@isd.lacounty.gov](mailto:dchittenden@isd.lacounty.gov). You may also contact Joseph Kelly at (213) 974-2101 or via email at [jkelly@ttc.lacounty.gov](mailto:jkelly@ttc.lacounty.gov).

DC/JK/sg

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